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FISCAL IMPACT STATEMENT

LS 7102

BILL NUMBER: HB 1769

NOTE PREPARED: Dec 31, 2004

BILL AMENDED:

SUBJECT: Trade Compliance Office and Community Grants.

FIRST AUTHOR: Rep. Bauer

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill creates the Office of Trade Compliance (Office) within the Indiana Economic Development Corporation (Corporation) to: (1) monitor unfair trade practices; (2) bring trade actions; (3) work with the Department of Workforce Development to maximize federal assistance programs; and (4) prepare an annual trade impact report. The bill requires the Corporation to identify counties that have certain levels of job displacement or unemployment to receive Community Comeback Grants of up to \$25,000 in matching funds for strategic job planning. The bill also annually appropriates \$250,000 from the Economic Development Fund for Community Comeback Grants.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Summary:* The Indiana Economic Development Corporation (IEDC) would incur additional administrative expenses relating to the operation of the Office of Trade Compliance. However, the bill requires the IDOC to use existing resources and authorized but vacant staff positions to perform these duties. The November 4, 2004, state staffing table indicates that the Indiana Department of Commerce (IDOC) has 31 vacant full-time positions, including regional office positions. To the extent that these vacant positions are transferred to the IEDC on July 1, 2005, they could potentially be utilized in the Office of Trade Compliance. (Note: Under current statute, the IDOC is abolished on July 1, 2005, and all economic development functions are to be transferred to the IEDC.)

The Department of Workforce Development (DWD) also would incur additional administrative expenses to make determinations regarding whether a county can be designated as a trade impact county making it eligible for Community Comeback Grants. These expenses presumably could be absorbed given the DWD's existing

budget and resources.

The bill also appropriates \$250,000 annually from the Economic Development Fund for Community Comeback Grants to be administered by the Office of Trade Compliance.

Office of Trade Compliance: The bill creates the Office of Trade Compliance within the IEDC as of July 1, 2005. The bill requires the Office to do the following:

- (1) Monitor and document unfair trade practices in Indiana.
- (2) Assist individuals to bring action against unfair trade practices.
- (3) Work with the DWD to maximize federal assistance programs, including Trade Adjustment Assistance Programs administered by the United States Department of Labor.
- (4) Build interstate coalitions.
- (5) Annually report on trade impact in Indiana to the Governor, Lt. Governor, and the General Assembly.

The bill authorizes the Office of Trade Compliance to take any other action that the office determines will promote trade with and in Indiana.

Community Comeback Grants: The bill authorizes the IEDC to designate as a trade impact county that meets one or both of the following conditions:

- (1) The unemployment rate in the county exceeds the unemployment rate of 80% of Indiana counties.
- (2) The average rate of displaced employees in the county over the immediately preceding 5 years exceeds the displacement rate of 80% of Indiana counties.

The number of counties that might meet these conditions is indeterminable. The bill requires the DWD to make determinations for the IEDC as to which counties meet these conditions. The bill also requires the IEDC to award a Community Comeback Grant to a trade impact county. The grant amount is limited to \$25,000 per county per year. Total grants in a fiscal year are limited to \$250,000. Thus, 10 counties could be awarded the maximum amount each year. The bill requires counties to utilize grants for:

- (1) Strategic job planning, including job creation investments.
- (2) Implementing the Indiana Economic Development Council's strategic plan.
- (3) Enhancing the county's appeal to new or growing businesses.

The bill appropriates \$250,000 annually from the Economic Development Fund for Community Comeback Grants. The Fund is a revolving fund for the purpose of providing grants and loans for economic development activities in Indiana. Monies in the fund do not revert to the state General Fund at the end of any fiscal year. In FY 2004 and FY 2005, \$600,000 was appropriated to the Economic Development Fund. As of December 31, 2004, the Fund had a zero balance.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Economic Development Corporation, Department of Workforce Development.

Local Agencies Affected: Counties with high unemployment levels and/or high levels of displaced workers.

Information Sources: Auditor's Revenue Trial Balance as of December 31, 2004.

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